

Message Text

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ORIGIN EA-10

INFO OCT-01 ISO-00 AGR-05 CIAE-00 COME-00 EB-07 INR-07

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APPROVED BY EA:LEEDMOND

EB/FTD:AJWILLIAMS

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R 260034Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

AMEMBASSY SEOUL

INFO AMEMBASSY BANGKOK

AMEMBASSY MANILA

C O N F I D E N T I A L STATE 067984

E.O. 11652:GDS

TAGS: ETRD, TW, KS, RP, TH

SUBJECT: COTTON CONTRACT PROBLEM

REFERENCE: STATE 55961

1. BEGIN UNCLASSIFIED. FOLLOWING ITEM CARRIED BY
COMMODITY NEWS SERVICE MARCH 19 IS TRANSMITTED FOR YOUR
INFORMATION.

2. QUOTE: THE SLOW PROCESS OF GRANTING COMMODITY CREDIT
CORPORATION FINANCING TO HELP FAR EASTERN USERS TAKE
DELIVERY OF OVERDUE U.S. COTTON SHIPMENTS WILL APPARENTLY
WIND UP MUCH AS THE U.S. GOVERNMENT DESIRES, BUT WITH
TAIWAN PERHAPS GETTING A LITTLE MORE THAN THE 25 MILLION
DOLS. CCC CREDIT ALREADY OFFERED.

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3. ASSISTANT AGRICULTURE SECRETARY CLAYTON YEUTTER TOLD

CNS TODAY, AND USDA'S FOREIGN SALES MANAGER JAMES HUTCHINSON CONCURRED, THAT THE 75 MILLION DOLS. CCC OFFER TO KOREA SHOULD ENABLE THAT NATION TO SETTLE ITS COTTON CONTRACTS WITH U.S. EXPORTERS, BUT THAT TAIWAN MAY HAVE TO BE GRANTED A LITTLE MORE THAN THE 25 MILLION DOLS. OFFERED BEFORE IT CAN RESOLVE THE FINANCIAL PROBLEMS IT FACES DUE TO HIGH PRICED COTTON CONTRACTS.

4. TAIWAN LIKELY WILL BE THE FIRST FAR EASTERN NATION TO WRAP UP ITS CCC DEALINGS. HOWEVER, BOTH MEN INDICATED U.S. NEGOTIATIONS WITH TAIWAN HAVE NOW REACHED THE PAPER EXCHANGE LEVEL. HUTCHINSON EXPLAINED, REPEATING EARLIER INDICATIONS THAT A U.S. TEAM OF STATE AND AGRICULTURE DEPARTMENT OFFICIALS MAY SOON VISIT THE FAR EAST TO FACILITATE FINAL NEGOTIATIONS.

5. HUTCHINSON RETURNED THIS WEEK FROM A FAR EASTERN VISIT OPTIMISTIC THAT A SOLUTION TO THE DILEMMA WILL BE FOUND. THE U.S. AMBASSADOR TO KOREA, OFFICIALLY IN CHARGE OF GETTING THE KOREAN GOVERNMENT AND ITS USERS TO AGREE TO U.S. CREDIT STIPULATIONS, IS SCHEDULED TO MEET HERE TODAY WITH HUTCHINSON, AGRICULTURE SECRETARY EARL BUTZ AND OTHER TOP GOVERNMENT EXPORT OFFICIALS. UNQUOTE. END UNCLASSIFIED.

6. BEGIN CONFIDENTIAL. FOR TAIPEI: CAN EMBASSY ESTIMATE WHEN GROC WILL BE ABLE TO PROVIDE LIST OF SALES, MENTIONED PARA 6 REFTL, FOR USE BY USDA IN ALLOCATING CCC CREDIT TO U.S. SHIPPERS. END CONFIDENTIAL. KISSINGER

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Margaret P. Grafeld
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TAGS: ETRD, TW, KS, RP, TH
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